

UNCLASSIFIED

(12)

RG 51 BSB, 2- F

99.27, Intell

INT 18 | 1

Record Copy

#3

~~CONFIDENTIAL~~

Note: There is an unclassified version of this document in AM Proj. 217 (5209-230) which can be used by researchers. NK 7/7/67

REPORT

INTELLIGENCE AND SECURITY ACTIVITIES OF THE GOVERNMENT

Bureau of the Budget
September 20, 1945

DECLASSIFIED

E.O. 11652, Sec. 5(E) and 5(U), or (E)

Authority OMB Ltr. 21 Nov. 1972

By DA 133 NARS, Date 6/22/74

UNCLASSIFIED

UNCLASSIFIED

REPORT ON THE INTELLIGENCE AND SECURITY
ACTIVITIES OF THE GOVERNMENT

The purpose of this report is to discuss and propose a plan for the organization of our foreign intelligence and security intelligence activities in the post-war period. It results from studies by staff of the Bureau of the Budget conducted throughout the war.

The war has occasioned a hasty and unplanned development and expansion to tremendous proportions of the foreign intelligence activities of the Government. No one believes they can continue on the same scale in the post-war period. On the other hand, no one believes that we can safely permit our foreign intelligence activities to revert to the equally unplanned basis that existed in the pre-war period.

At the outset, it is necessary to be clear about the meanings of "intelligence" and "security intelligence" as used in this report. Foreign intelligence has to do with our knowledge about foreign peoples -- their resources, capabilities, and intentions. It includes all that is significant about particular countries or areas, which may have a bearing on our relations with and policies toward them and on their relations with and policies toward the United States. In point of time it encompasses the future, insofar as that is possible, as well as the present and the past. It embraces what we need to know about foreign peoples, countries, and conditions in order that our relations with them may be conducted in such a manner as to give the maximum protection to and furtherance of our national interests.

Security intelligence (or counter intelligence) includes our knowledge about activities directed from within or without the United States which are inimical to our internal security. The purpose of security intelligence is to be aware of all unfriendly or hostile persons, movements, and ideologies which constitute a threat or a potential threat in order that steps may be taken to safeguard against them when they become threatening. Security intelligence is thus simply a special kind of total intelligence.

The reasons for treating security intelligence as a separate but special category of intelligence are brought out further later in the report.

UNCLASSIFIED

UNCLASSIFIED

INT 18/3

- 2 -

Situation Prior to Pearl Harbor

In 1939 the principal source of information about foreign peoples, places or affairs was the State Department missions abroad. Through Reorganization Plan No. II, the information-gathering activities of the Commerce and Agriculture Departments had been coordinated by the State Department. Some personnel from other agencies were assigned to the Foreign Service as attaches, and matters of reporting were coordinated between the State Department and the Department involved, as for example Commerce (Bureau of Foreign and Domestic Commerce), Interior (Bureau of Mines), Agriculture (Bureau of Foreign Agricultural Relations) and others. Communication was through State Department facilities. The military and naval attaches, of which there were then less than a score, enjoyed slightly greater freedom of direct reporting to their agencies.

Compared to current information gathering activities abroad, our activities in 1939 were indeed modest. They did, however, produce a volume of reports containing a wealth of useful and reliable information. But the conversion of this information into intelligence was hampered by a number of causes, including some basic weaknesses in our structure in Washington. The most significant of these weaknesses from the standpoint of future planning are discussed in the following order:

1. The inadequacy of the intelligence facilities in the departments.
2. The lack of coordination of intelligence among departments.
3. The over-emphasis on security intelligence at the expense of more basic intelligence.
4. The lack of central facilities to serve the President or top-level groups.

Inadequacy of Intelligence Facilities in the Departments

The principal weakness of our pre-war situation lay in the lack of adequate central facilities in the various departments in Washington to direct the selectivity of reporting, to gear the reporting to actual operational needs, or, equally as important, to evaluate the incoming material and distill out the significant trends. This had several effects which should be noted in planning for the future organization of our intelligence activities.

UNCLASSIFIED

UNCLASSIFIED

INT 18/4

- 3 -

Failure to determine needs. One of the principal results of inadequate or totally lacking intelligence facilities in the departments was the failure to determine what the requirements for intelligence were. As a result the facilities that were available for reporting information were not well utilized.

In the War and Navy Departments, standing instructions for reporting were in the form of index guides merely cataloging and assigning file numbers to all conceivable subjects without any selectivity.

In the State Department directives on which the missions based their reporting were prepared in any office of the Department as current problems arose and in some agencies outside the Department.

Difficulty in recognizing trends. Another of the results of inadequate central facilities in the departments was the difficulty in recognizing trends. In the State Department for example reports flowed directly to groups already burdened with the heavy responsibilities of forming policy and initiating action, where, after being read, they were filed in a central file along with the administrative papers of the Department. Some of these groups built up staffs of analysts to extract the incoming information. In general, however, the result of this method of handling the flow of foreign information was that the Department in Washington dealt almost solely with current news. The cumulative effect of these bits of current news was apparent only insofar as the report itself pointed out the trend, or as the action or policy-making officers followed the trends personally.

Departments such as Commerce and Agriculture did have staffs to analyze or accumulate incoming information. With these resources they produced foreign intelligence which was principally of use to those bodies of the public which they served. Comparatively little attention was given, however, to the necessity of being able to recast their data on short notice for use by other governmental agencies, especially in time of emergency.

In the War and Navy Departments some small central facilities existed, but their inability to recognize significant trends was hampered by a number of reasons, of which their hyper concern with defensive or security intelligence will be discussed later.

Lack of over-all perspective. Another result of the lack of adequate central facilities was that no group was organized to analyze reports from the point of view of a department as a whole. In the State Department, for example, where no central facilities existed, the action-taking or policy-forming officers tended to concern themselves primarily with information pertinent to the geographic area or, in a few cases, subject field (as Commercial Treaties, Communications, etc.)

UNCLASSIFIED

UNCLASSIFIED

INT 18/5

- 4 -

for which they were responsible as operating officials. In addition much of the reporting concerned current events and developments. In the War and Navy Departments, research techniques were not utilized to analyse information and the central staffs were reduced to such a level as to make impossible the handling of any volume of significant material except to distribute it in the form in which it came in.

Lack of Coordination of Intelligence

The lack of any central intelligence activity in the State Department and the provision of only small staffs in the armed services limited coordination of intelligence among these departments practically to the single feature of mutual exchange of individual reports. As late as 1942 some of this exchange was still being handled through formal letters in which the Secretary of State "had the honor of transmitting" to the Secretary of War the attached report. The result was that on matters involving more than one of the departments, no means existed to provide for a pooling of all available intelligence. Pearl Harbor, simply as one example, is less a failure of any one department than of the inadequacy of our total intelligence operation. The recent publication of white papers, showing that all the information necessary to evaluate the situation was in our files, only confirms the fact that we did not have sufficient facilities to convert that information into intelligence, nor sufficient means for bringing it into play in all the places where it could have been used.

Predilection for Security Intelligence

In addition to being inadequate and poorly organized, the facilities existing in the War and Navy Departments, and to some extent in the State Department, were principally engrossed with intelligence of a defensive or security nature concerning dangerous or hostile individuals who, actually or potentially, might be engaged in espionage, sabotage, or subversion. Had this been recognized, and had plans been made to build a Government-wide program for security purposes around other resources already existing, and separated (except at the very top level) from the operations designed to produce more basic intelligence, one of the weaknesses of our subsequent and present basic intelligence program might have been avoided.

The predilection in an agency for securing intelligence concerning "undesirable" individuals weakens the securing of more fundamental intelligence by that agency. At a time when the armed services might have been accumulating (through the organized reserve and other available sources) the mass of information soon to be needed to fight a global war,

UNCLASSIFIED

UNCLASSIFIED

INT 18/6

- 5 -

they were using most of the limited personnel available in creating and maintaining a large file of undesirable individuals. Similarly in the development of the reserves, the tendency was to secure officers whose interest or skills were those needed to support a program of this sort of intelligence. The importance of this kind of intelligence loomed so large (at the expense of real military intelligence) that the service intelligence agencies resisted successfully all attempts of forward-looking officers to transfer negative or defensive intelligence operations to such offices as that of the Provost Marshal General. Further, in July, 1939, when it was clear that war in Europe was inevitable, the armed forces plan for intelligence was to obtain, through a Presidential letter, the creation of an interdepartmental committee, including the FBI. The purpose of this committee was to intensify investigations of individuals potentially or actually engaged in espionage, sabotage, or subversion. The committee was, until the creation of the Coordinator of Information in July 1941, the only interdepartmental mechanism for mobilizing our intelligence services to meet the responsibilities which in a few short years were to be thrust upon us. As a further reflection of the extent to which the emphasis on security intelligence had inhibited even an awareness of our lack of real positive intelligence, the armed forces viewed this committee as being all that was necessary and aided by the State Department fought the idea of a Coordinator of Information from the moment the plan was discussed.

Lack of Central Facilities to Serve the President.

Even if the departments had organized the strongest facilities possible for their own purposes, the resultant total operation could still have been deficient with respect to intelligence needed at the very top of the Government. On matters involving the bringing together of information in all departments to throw light on determinations affecting our total national policy, our intelligence results were not adequate.

It is significant that when the President's needs for objective and penetrating analysis of the then threatening foreign scene became acute, he was forced to rely on individuals acting as special observers and reporting directly to him. This is not to imply that many of the operating officials in the Government were not aware of what was happening or of its significance to us, nor that the State Department and armed services did not have informed opinions from which to advise the President. The point is that the President should not have been forced to rely solely on such opinions, no matter how informed they might be. Rather he should have been able, in addition, to have access

UNCLASSIFIED

UNCLASSIFIED

INT 18/7

- 6 -

to the facts, carefully analyzed and so presented that his own conclusions could be drawn. Some means for coordinating intelligence itself, as well as the judgments of the responsible advisers, is necessary. With such coordination, decisions on matters of high national policy can be made not alone on the basis of the opinions of the operating officials, no matter how well informed, nor on information alone, no matter how reliable, but on all available intelligence fully evaluated and properly presented.

Wartime Expansion and Present Status

In the latter stages of our preparation for national defense and the early stages of the war, a vast expansion of the functions of Government in international matters was undertaken. Lend lease, expanded activities in South America, export control and later economic warfare, alien property control, freezing and foreign funds control, psychological warfare, all signalized the development of facilities to produce quickly the kind of intelligence necessary to conduct the operation concerned.

Officials in the State Department acting largely on their own initiative because of the Department's lack of central facilities, stimulated the creation of operations in such agencies as FCC.

The Air Forces, lacking facilities of its own, finding the MIS deficient, and having no central source to which to refer, was forced to canvass the Government in search of information to assist in the selection of bombing targets.

Other large projects to obtain information on weather, terrain, medical and sanitary conditions, food and crops, habits, etc., were initiated. CAA, Public Health, Coast and Geodetic Survey, the Anti-trust Division of Justice, PAN, the Weather Bureau and many others all contributed their share as sources of information.

Travellers, officials of companies with foreign plants or business, scientists, refugees, university staffs, libraries, the vast body of the public with information useful to our growing needs was tapped.

Our wartime development was thus characterized by tremendous expansion of information and intelligence activities in many of the normal agencies of Government, as well as by creation of large operations in the new war agencies themselves.

This expansion, however, took place primarily in the collection of information. The many new sources mentioned above were tapped by many different agencies. A mass of raw information flooded in

UNCLASSIFIED

UNCLASSIFIED

INT 18/8

- 7 -

and, through liaison arrangements, fanned out in multiple copies to the many agencies. The expansion that took place was not in accordance with any Government-wide plan. The weaknesses of our pre-war pattern were therefore carried into our war-time organization. In addition, the lack of a total plan and of any authoritative mechanism for coordinating the operations of the many agencies involved, has become a problem of such magnitude that it has become of equal priority as the other weaknesses in demanding a solution.

Successful post-war intelligence will not be achieved without first considering the needs of the many departments concerned, nor without finding ways to coordinate their activities to the end that maximum result is achieved with the minimum of expense and effort. This need to achieve a well integrated Government-wide intelligence program is urgent and goes beyond the problem of merely disposing of duplication. Almost four years of war have revealed the tremendous resources of information that exist in the Government and among our nationals. Only by the fullest utilization of our entire resources, not only for the collection of information but for its analysis, tabulation, and assembly into useful forms, can our intelligence achieve the quality of performance which will be vital to our future security and position in international affairs.

Conclusions

We must provide for a more adequate intelligence operation than we have ever had before. The very brief analysis given above points to the lessons which must be taken into account in planning for the future organization of the Government's intelligence activities.

There are four major conclusions pointing to the need for early action and two of secondary or longer range import. Each conclusion is discussed below.

More Widespread Understanding of Intelligence

Some of the difficulty of achieving needed improvement in our intelligence operations in the past has been the relative newness of intelligence as a function of Government and the absence of a common understanding even of what intelligence is. To some, "intelligence" is a tainted word identified solely with espionage and intrigue. To others it is identified as a kind of information of military or wartime use solely. Still others think of it as applicable only to

UNCLASSIFIED

UNCLASSIFIED - 6 -

high strategic or national security questions. Such misunderstanding has caused many of those whose active participation is vital to the development of more adequate intelligence operations in the future to feel that it is a subject of no concern to them and to view with trepidation proposals looking toward a strong post-war program.

Our needs for foreign intelligence have broadened beyond the point where they can be met by the activities of a single intelligence agency. Nor do they fall into simple mutually exclusive subject categories such as "military," "naval," "economic," and "political" which permit easy assignment of responsibilities among a few intelligence agencies. Nor are they limited to special or "secret" kinds of foreign information.

Rather, they rest on the necessity for understanding fully foreign events, to know all the facts which motivate foreign nations and peoples, and to have readily accessible in useable form a mass of factual information to assist in the shaping of intelligent policy and action at all levels where decision is made or influenced, or where action is taken. They will be met, therefore, only by concerted and widespread activities which utilize to the fullest the tremendous resources existing within the Government and among our nationals.

It may well be that the spread of common understanding as to what intelligence is, what purpose it can serve, and how the intelligence operation relates to the action taking or policy forming operations, will contribute as much to the accomplishment of a more effective total intelligence program for the Government as the prescribing of specific organizational panaceas.

Intelligence Facilities at the Departmental Level

It is commonly accepted that our intelligence operations have not been on a par with those of other nations. This has given rise to a considerable number of proposals for the creation of a single super-intelligence organization not connected with any of the departments. The difficulty with such proposals is that they are based on a limited view of what intelligence is and on a misunderstanding as to the role an intelligence operation must play.

There might be some justification for such extreme centralization if all policy and action affecting our foreign relations and our national defense or national interests were centered at the top of the Government and if intelligence were merely the tapping of special sources to report and interpret current developments.

UNCLASSIFIED

UNCLASSIFIED -

These matters are not so centralized. Our foreign policy, for example, is not made up alone of considered announcements dealing with high level matters. It is made every day in the thousand and one actions and decisions that are taken at all levels. The intelligence needed to assist wise decisions and support informed action must produce a knowledge and understanding of all the factors involved. Further, it must be at hand. Extreme centralization of the intelligence operation is no more workable than would be the centralizing in one agency of the job of producing all statistics for the Government. The intelligence operation is handmaiden to the action-taking and policy-determining groups. It must be sensitive to their needs. It must have handy the mass of original documents and material on which its studies are based. While it may secure much assistance from others outside it must be responsible to the place of decision. A department which will be held responsible for its decisions and actions must in turn be able to hold accountable to it the operation which produces intelligence on which those decisions and actions will, in part, be based.

The principal foreign intelligence operations of the Government therefore should be viewed as being organized at all places where decisions are made and action taken, namely at the departmental, or lower, level.

Separation of Security Intelligence Activities

The emphasis in the pre-war period on intelligence related to the activities of hostile or undesirable individuals has already been commented upon. It is a conclusion of our studies that the organization of our future intelligence programs should provide for the separation of security intelligence operations from those engaged in producing the more basic categories of intelligence.

The collection and evaluation of security intelligence (sometimes referred to less descriptively as "counter intelligence") requires the use of skills and a point of view not desirable in the production of other forms of intelligence. If we are to make proper judgments as to where our interests lie and what we can do to further them in the post-war period, we will need to have intelligence which gets at fundamentals and is not colored by a point of view that attempts to segregate peoples simply into friendly or hostile categories. It has been said that before the war Germany had more "friends" in this country than did England. Certainly German intelligence, following the speeches and actions of many of our "prominent persons", could easily so conclude. And yet we went to war. In our evaluation of foreign affairs we should take every precaution against being similarly misled. Our relations with Russia, Argentine, Spain, China need to be viewed in terms of the points at which our interests coincide or clash as nations and peoples, and not solely in

UNCLASSIFIED

UNCLASSIFIED

INT 18/11

- 10 -

terms of whether the "leaders" in these countries are "friendly" or "hostile."

This does not imply that we will not need to organize facilities to follow the activities of unfriendly individuals, at home as well as abroad, nor to conduct programs to counter their activities. Nor is it intended to imply that some significant intelligence will not be developed as a result of these programs.

It does imply, however, that within the departments having responsibilities for producing both security intelligence and basic foreign intelligence, the two operations should be separated. When both are large, for example, they should not be under the same head. Further, a framework for the development and coordination of such security intelligence activities with the internal security programs which they serve should be provided apart from that whose purpose it will be to develop the basic intelligence essential to our future foreign programs and international responsibilities.

Coordination of Intelligence and Security Operations

To the weaknesses of our pre-war activities, the expansion of these activities due to the war has added the weakness of lack of coordination of intelligence operations. The same lack of an over-all plan that characterized the expansion of our general intelligence activities is responsible also in the security intelligence field for a failure to build around existing programs and resources, for a piece-meal legislative program and for overlapping responsibilities and duplication in operations.

The most obvious result of this lack of coordination is the tremendous wastage of money and effort. Possibly of even greater importance, however, is the fact that the uncoordinated competitive programs of the various agencies dilute the few available skilled personnel and result at times in no one of the agencies having on hand the full background of information of value to the subject under analysis. Another effect of great significance is the false sense of authenticity frequently created by repetitive reporting of the same information. This arises from the fact that in the absence of a Government-wide operational plan, each agency engages to receive all available raw material directly. This has been responsible for interviewing of the same private individuals by as many as twelve different departments or units of departments. It is also responsible for the "liaison officer" and the "round table" at which each agency, by reading all the incoming material, can secure copies for itself and issue reports paralleling those of other agencies.

UNCLASSIFIED

UNCLASSIFIED

INT 18/12

- 11 -

This overlap cannot be corrected by assigning responsibilities by kinds of intelligence, as "economic," "military," "naval," "political," etc. It can only be solved by assigning operating responsibilities. In each case the agency of greatest competence, ease of accomplishment, or primary interest should be designated as the agency to be responsible for a specific operation, but with the proviso that the operation be conducted so as to safeguard the interests of any or all agencies. Thus, while it might be the most feasible arrangement to have the FCC monitor certain radio messages of interest to other agencies, it is inappropriate for that agency to attempt, as it did at one time, to create an extensive intelligence organization to analyze such material.

The principal agencies presently engaging in intelligence activities have made efforts to improve coordination. In the absence of any authoritative machinery to accomplish the development of operating plans by which all the agencies would be bound, such attempts have resulted only in "ad hoc" arrangements.

The Joint Intelligence Committee composed of representatives from State, FEA, OSS, MIS (War Department), ONI (Navy Department), and A2 (Army Air Forces) represents the most important of such arrangements. A quotation from a paper prepared by the Joint Intelligence Committee paints the best picture of its inability to coordinate operations.

"The Joint Intelligence Committee's mission, however, is confined to the Joint Chiefs of Staff organization, is not binding even on those departments represented by the Joint Chiefs of Staff, and lacks clear administrative authority to coordinate the intelligence activities of its member agencies. During the war a series of expedients such as the Joint Intelligence Publishing Board, the Joint Topographical Committee, the Joint Intelligence Collection Agencies and others have, with more or less success, relieved various situations where lack of coordination was most conspicuous. However, there does not exist any agency which can state authoritatively which intelligence subjects are, at any given time, of most importance to the interest of the United States; or is responsible for seeing that important gaps in intelligence are filled."

Study of our experience during the war has shown that without an authoritative coordinating mechanism acting in the interest of the Government as a whole, the responsibility of a department for the conduct of an intelligence operation to serve the needs of other departments cannot be established. Unless such mechanism is provided, therefore, our future Government-wide intelligence activities will be characterized by the same compartmentation, competition, and expensive operation as at present.

UNCLASSIFIED

UNCLASSIFIED

The various ad hoc type of interdepartmental committees used during the war have served to promote cooperation but have been unable to effect real coordination. Further, the committees so created have been more concerned with exchanging intelligence and information than in coordinating operations. It is perhaps unreasonable to expect that they should, in view of the newness of intelligence on the scale necessary in wartime and in view of the absence of any pressure or necessity to achieve results economically.

Similarly, experience with an independent agency such as the Coordinator of Information at the level of the Executive Office of the President indicates a corresponding inability of such mechanisms to achieve coordination of operations.

While departmental facilities for the production of intelligence should be strengthened, and should be chiefly relied on to meet our foreign intelligence needs, there is a related need for some central machinery to coordinate the intelligence operations of the Government through the development of specific operating plans. Similar machinery is needed to develop an integrated security and security intelligence program.

High Level National Policy Intelligence

The conclusions discussed above relate principally to the strengthening or organizing of intelligence operations within the Departments and to means of coordinating them on a Government-wide basis. The need to provide some centralized professional intelligence operation at all levels where decisions are made or action is taken has been pointed out.

Not all the decisions or actions of the Government fall into categories that permit their handling by the departments alone. The President, too, should have facilities for securing access to the facts underlying possible courses of action with respect to those decisions of national policy cutting across departmental lines which he alone must make. This need extends beyond the President as a person and includes all those individuals, groups, interdepartmental or international bodies, which make decisions above the level of the departments as such.

This need is apparent to many observers of our present deficiencies. In some quarters, however, there is a tendency to view this need as being our sole or principal one, and to conclude that what is needed is the continuation on a permanent basis of some such large scale central operation as exists now in the Office of Strategic Services. Such a

UNCLASSIFIED

UNCLASSIFIED

INT 15/14

- 13 -

conclusion fails to take into account the fact that the principal intelligence operations of the Government must be organized at the point where decision is made. It does not recognize the leading role of the State Department as a staff agency to the President. It further fails to take into account the growth and improvement that has occurred in the departments and the further improvement that can be achieved.

In 1939, when the Coordinator of Information (predecessor to OCS) was first organized, its principal role was to bring some order out of the conflicting intelligence being produced in the departments in order that the President and the already-envisioned Combined and Joint agencies would have but one place to which to turn. It was at first considered to be but a secondary responsibility of this agency to engage in intelligence operations on its own except as might "facilitate the securing of information not now available to the Government" (Presidential letter of July 11, 1941). The extensive program, not only of collection of information but of independent evaluation, which subsequently grew up in COI is a direct result of the inadequacy at that time of the departmental programs. Such development was therefore vital to our wartime needs, and COI (now OSS) has undoubtedly blazed new trails and raised the level of competency of our total intelligence operation. However, the war agencies in other fields than intelligence, uninhibited by past weaknesses, staffed with new personnel (many of them of the type not available to Government in peacetime), and with practically unlimited funds and freedom of action, can lay claim to the same achievement. We cannot, however, continue a complete structure superimposed on top of the normal structure of Government beyond the period when our war needs demand it. The problem is how to capture that which is good and to integrate it into the normal framework of the Government. Had our intelligence base been strong when war came upon us, COI would not have had to build independent facilities. However, to continue such facilities in the future will tend to perpetuate the very weaknesses that must be corrected.

The improvement of intelligence operations in the departments and their coordination as one Government-wide program will provide the principal facilities through which this high-level need can be met. However, it may be desirable to anticipate the need for some additional central facilities to provide or secure the intelligence needed at the top of Government. Such independent central staff as may be required, however, can be small, since it could rely very largely on the product of research and analysis in the departments and will not engage in large scale original research and analysis itself. Its responsibilities would be to secure and harmonize intelligence, to reconcile conflicting intelligence, and as envisioned in the JIC paper already quoted to "mobilize the resources of all agencies in the fulfillment of an urgent intelligence requirement."

UNCLASSIFIED

UNCLASSIFIED

INT 18/15

- 14 -

Centralized Operations

None of the individual intelligence agencies of the Government can hope to engage, independently of the resources that exist elsewhere in the Government, in all the operations which conceivably could be justified to serve its needs. Similarly in the development of central facilities, the purpose of which will be to coordinate intelligence operations, care should be taken that such facilities do not engage in operations which can be performed at the departmental level.

Even with such care, however, it appears desirable to anticipate the establishment of some operations at a central level. This report attempts only to illustrate some of the kinds of operations which might be centralized. The full development of plans for the eventual central operating program might well wait on the creation of central planning facilities to develop such plans.

Whether this country should engage in secret intelligence activities (espionage) in the post-war period is a policy decision which is beyond the scope of this report. Such activity, if undertaken, should be principally conducted centrally and where permitted in the departments should be rigidly supervised centrally.

Special intelligence, involving the interception of communications without the knowledge or consent of the sender, and the use of crypto and other forms of analysis raises similar questions. Here the case for central direction of such activities (should they be undertaken in the post-war period) is particularly strong because of the extreme difficulty of dividing up operations, the great cost involved in duplicating services, and the potential shortage of available skilled personnel.

With regard to files and maps of common widespread use, especially of a strictly factual or data type, the evidence of extreme duplication now inherent in the present picture would seem to demand centralization at least of indexing if not of the files themselves. The theoretical advantages of centralization are frequently offset by the practical difficulties inherent in removing the intimate working tools too far from the operation they serve. The British, however, have centralized some files with reported success, and perhaps we can too, if the proper framework is created for their operation. Here, too, the precise solution can best be developed by the central planning facilities already suggested.

UNCLASSIFIED

UNCLASSIFIED

- 15 -

INT 18/16

Summary of Conclusions

To summarize then, there are six conclusions of which four are of primary importance and priority for action and two are of a secondary nature on which the need for action is not yet sufficiently established and therefore can be deferred.

1. There must be a more widespread understanding of intelligence and a more widespread participation in the development and implementation of plans for improved intelligence in Government.
2. The principal intelligence operations of the Government should be organized at the point where decision is made or action taken, i.e., at the departmental, or lower, level rather than in any central agency.
3. The basic intelligence operation in each department should be organized apart from the operation producing security intelligence. There is a need for some interdepartmental coordinating machinery to develop an integrated Government-wide security and security intelligence program.
4. To insure optimum results from departmental intelligence operations, there is a need for some central interdepartmental coordinating machinery to develop through specific operating plans, an integrated Government-wide general intelligence program.
5. It may be well to anticipate a need for central facilities to secure intelligence needed by the President. If separate facilities are found necessary, however, such intelligence can be produced principally through intelligence available in the departments. Any small central facilities subsequently found desirable or necessary should not engage in large scale initial research and analysis.
6. There may be some need to centralize certain operations common to all agencies or which for policy reasons may best be performed centrally. The determination of the kind of central operation which will be needed must await high policy decision with respect to certain of the operations which would lend themselves to central direction and operation. A decision with respect to other of the operations which might fall into this category can await the study and development of plans by the central coordinating body provided for in 4.

Recommendations

Many of the specific changes in internal organization that are indicated from a consideration of the conclusions, are of interest or

UNCLASSIFIED

UNCLASSIFIED

concern only to one department. Recommendations applicable to a single department are presented in broad terms only when they are of general interest or to illustrate the broad principle involved. Recommendations concerning proposed change, or action of common or over-all concern, are, however, presented in some detail.

The greater portion of this section of the report is thus devoted to the proposed central coordinating machinery. This should not lead to the assumption that the creation of central machinery is viewed as the most important step to be taken. Of far greater importance is the creation of strong departmental organizations particularly in the State Department, and the separation of security intelligence operations from the more basic intelligence operations especially in the State, War, and Navy Departments.

More Widespread Understanding of Intelligence

Throughout this memorandum it has been noted how vital to a more adequate Government-wide foreign intelligence program is a more widespread understanding of what intelligence is, how it is produced and how the intelligence agency relates to and serves the action-taking or policy-determining groups. No specific recommendation is possible.

Conduct of the Intelligence Operation at the Departmental Level

Each department (and in some cases subdivisions of departments) which has important responsibilities in international matters including our national defense, or which has public responsibilities for providing foreign information should provide for a competent foreign intelligence operation.

The kind of facilities which will be required in the various departments and their size will vary. Except in the case of departments with major responsibilities, such as the State Department, the facilities can be quite small.

In each case, however, some provision must be made for the following functions:

1. The careful determination of the department's actual requirements. This determination will require the development in each department of a Planning Staff. The requirements of the department will need to be expressed in accordance with a standardized terminology and

UNCLASSIFIED

UNCLASSIFIED

- 17 -

INT 18/18

classification of intelligence and will need to be stated in sufficient detail to guide reporting, either by activities of the department itself or of other departments on which the department may rely for information.

2. The systematic cataloging and utilization of all possible sources to supply the needed information or intelligence.

3. The thorough analysis and evaluation of information through research techniques. In this way new information is tested against the accumulated knowledge and established facts of the past and a complete and digested picture is available in which each pertinent piece of relevant information is present and in the right place with the whole so interpreted that conclusions can be drawn and trends are visible.

4. Careful dissemination of the resultant evaluated product rather than the mere distribution of incoming reports "of interest." The intelligence office must be responsive to the needs of its department and see that those needs are supplied in full and when needed. On the other hand, it must protect the department from the voluminous flood of casual, unrelated, and unevaluated reports or scraps of information. Just as a department expects its statistical office to analyze, tabulate, and summarize data and point to its significance, so in its search for knowledge of foreign nations, peoples, conditions or events it must look to its intelligence office to do a similar job on the raw material of foreign information.

Our wartime experience has shown that the need for foreign information and intelligence in any department far exceeds the ability of its intelligence office to secure or produce without the utilization of facilities that exist elsewhere. In each case, therefore, whether the intelligence facilities provided in a department are large or small, the responsibilities of such groups should include not only responsibilities to their departments but to a total Government program as well. In the latter category are responsibilities such as (1) to participate in the planning of a Government-wide program, (2) to interpret the needs of their agencies to the other agencies on which they may rely for evaluated summary intelligence, (3) to review the adequacy of coverage and competency of result with respect to intelligence obtained through other agencies, (4) to serve as the liaison point between their agencies and the intelligence groups of other agencies. In general, the departmental intelligence units should only establish such independent facilities for collection, evaluation or dissemination as are consistent with their role in a Government-wide program.

UNCLASSIFIED

UNCLASSIFIED

- 18 -

INT 18/19

The success of our post-war intelligence operation rests on the creation within the State Department of an intelligence operation with responsibilities such as those stated above. The creation of a centralized intelligence operation in the State Department would not only provide that Department with facilities it has long needed. In addition it would serve to provide the place where leadership of the Government-wide intelligence activities would be centered.

The intelligence operations of the War and Navy Departments need to be readjusted to post-war needs. The war has been responsible for an emphasis on current news as exemplified in daily situation reports and on operational intelligence as reflected in the large scale order-of-battle operations. Neither the organizations nor the staffing have been fully developed to serve the purposes of active War and Navy Department participation in interdepartmental discussion of high future policy. In the Navy Department as an illustration, the entire intelligence mission is stated to be in support of the fleet. In neither of the two Departments has sufficient emphasis been given to research and analysis nor has provision been made for all available information to be brought together at one point for evaluation. Further, as already pointed out both still permit an over emphasis on security intelligence to interfere with the full development of more basic intelligence.

Other Departments such as Commerce and Agriculture need to recast their intelligence organizations so as to become participating groups in a total Government-wide foreign intelligence program.

Separation of Security Intelligence Activities

The security intelligence activities either at home or abroad, serving internal security purposes should be separated organizationally from the more basic intelligence activities, except for the mutual exchange of highly evaluated and summarized reports of general import (not merely of "cases"). It is further recommended that an integrated security program including the security intelligence activities that support it, be planned for the Government as a whole.

The implementation of the first recommendation will require action in a number of departments, not necessarily simultaneously.

In the State Department, for example, the creation of new central intelligence facilities should not be accompanied by a transfer of activities now centered in the Office of Controls in the Division of Foreign Activities Correlation.

In the Navy Department some separation has been undertaken by the creation of new intelligence facilities in the Office of the Commander in Chief apart from the Office of Naval Intelligence which is the principal Navy Department organization concerned with security and security

UNCLASSIFIED

UNCLASSIFIED

INT 18/20

- 19 -

intelligence. These new facilities offer the possibility of becoming the nucleus for an expanded basic intelligence operation in the post-war era when the needs for strictly operational intelligence will be greatly curtailed irrespective of whether the Office of the Commander in Chief is retained or not. The role of ONI, however, as the central staff agency for security matters is not clear, and a number of related activities, not only in the Bureau and Auxiliary Services but in the Office of the Chief of Naval Operations itself, are not now coordinated under a single head or staff unit.

In the War Department, too, some separation has resulted from the reactivation of the Office of the Provost Marshal General. The predilection for continuance in the field of security intelligence, however, still permits the Military Intelligence Service to become too engrossed with matters that could be further centralized outside MIS. Further, because of its organizational placement the PMG cannot be fully effective as a staff agency to coordinate all security matters.

In both the War and Navy Departments the separation of the security intelligence operation and the more basic foreign intelligence operation should be furthered and the security intelligence and the various forms of internal security operations be more closely coordinated.

The implementation of the second recommendation will require the creation of an interdepartmental coordinating committee described below.

Coordination of Intelligence and Security Operations

To insure that the intelligence and security activities of the Government, carried on by a number of agencies, fulfill all the national requirements, that they are developed as a total program producing the maximum result with a minimum of duplication, overlap and confusion and that adequate planning is accomplished for their expansion in any future emergency, it is recommended that two interdepartmental groups be organized under the leadership of the Department of State.

The one group which would consist of the Assistant Secretaries of State, War, Navy and Commerce would compose an Interdepartmental Intelligence Coordinating Committee. It would be concerned with developing an integrated Government-wide foreign intelligence program. It also would be concerned with planning for the future.

The other group, consisting of the Assistant Secretaries of State, War, Navy and Treasury and the Assistant Attorney General, would compose an Interdepartmental Security Coordinating Committee. It would be concerned with developing an integrated Government-wide internal security program and of an integrated Government-wide security intelligence program. It also would be concerned with planning for the future.

UNCLASSIFIED

UNCLASSIFIED

INT 18/21

- 20 -

These two groups by direction of the President and by means of planning conducted by permanent staff of their own working through subcommittees including representatives of any agency of interest, either as customer or contributor, would develop a series of specific operating plans. These plans would serve as common directives for the assignment of operating responsibilities among the departmental intelligence and security agencies. The manner in which such planning would be conducted will be the same in both the security coordinating committee and in the intelligence committee, and is described below.

Except as discussed later under "Conduct of Central Operations," the committees would have no responsibilities for the production of intelligence itself nor for the conduct of operations. Rather their responsibilities would consist of the following:

1. To develop a detailed and clear statement of the national intelligence objectives and requirements and of the national security requirements, including those of all departments and agencies.
2. To determine the means in terms of actual operations for meeting the national intelligence and national security requirements.
3. To assign, through a series of specific operating plans, operating responsibilities to the various departments.
4. To review the adequacy and economy of the total intelligence program of the Government and of the total security program of the Government.
5. To develop plans, legislation and other instruments in readiness for the adjustment of the intelligence and the security programs in the event of emergency or other changed conditions.

The above list of responsibilities describes in effect the steps in planning. The visible result of such planning and, therefore, the principal concern of the committees would be the operating plan itself. Each operating plan when issued would reflect the determination of the appropriate committee under each of the first three continuing and long range responsibilities shown above, i.e., the requirements, the means for their accomplishment, and the specific operating assignments allocated to the various departments and agencies. When issued, the specific operating plans would be directives to the departments and agencies. The departments and agencies would adjust their operations to conform to them.

UNCLASSIFIED

UNCLASSIFIED

- 21 -

INT. 18/2

Operating plans. A typical operating plan when published should contain such material as the following: the subject, area, or kind of operation covered by the plan; the specific requirement covered by the plan; the scope of the plan; provisions of the Operating Plan (operating requirements, assignments, etc.) as reporting, tabulation and filing, evaluation and dissemination.

Such planning would not be accomplished overnight. Nor, if the committees were to be effective, could they wait in any broad field for the accomplishment of full planning before issuing a specific operating plan to effect an obviously needed change.

Ultimately, specific operating plans would be published by the intelligence coordinating committee in at least the following subjects or categories of intelligence: Geography; Economics; Finance; Armed Forces; Government, Politics and National Policy; Transportation and Communications; People and Social Forces; Technology and Scientific Development.

These broad categories, however, are made up of lesser categories. Long before anything like a total Government-wide operating plan in one of these categories is complete, operating plans would have been determined upon and published in subdivisions of the category. The total operating plan for economic intelligence, for example, would require plans in such subjects as Industrial Plant and Potential; Resources; Trade and Commerce; Labor Supply and Employment; and others. Similarly the operating plan covering intelligence concerning People and Social Forces will require plans on Population and Characteristics; Living Standards; Cultural Standards and Customs; and others.

Other types of specific operating plans would also be developed in connection with certain kinds of operations (unrelated to any category of intelligence). Thus plans would be developed as needed for such operations as the monitoring and interception of foreign radio or communications; the single or combined collection of information through sources of interest to a large number of agencies (such as the Interdepartmental Committee for the Acquisition of Foreign Publications, the Technical Industrial Intelligence Committee, the Survey of Foreign Exports, etc.); and interdepartmental procedural matters such as the standardization or joint operation of files, distribution and liaison problems.

Similarly the operating plans of the security coordinating committee would encompass not only the various aspects of security intelligence including the filing of such intelligence, but also the various security operations such as border and harbor patrol, port security, censorship, preventive investigation, security advisory services, etc.

UNCLASSIFIED

UNCLASSIFIED

INT 18/

- 22 -

Planning staff. An essential element of these central coordinating committees is a full-time planning staff. Specialists not only in skills of administrative analysis but with a knowledge of the field to which they will be assigned would ultimately be required in each of the major subjects or categories of intelligence including security intelligence as well as in various kinds of intelligence and security operations. These specialists should not carry departmental responsibilities but should be assigned to reasonably permanent duty with the committees. Providing for this staff will be a special concern of the State Department but should be a responsibility of all the agencies represented on the top two committees.

Each major subject or kind of operation in which an operating plan is necessary, should be assigned as a continuing responsibility to a member of the planning staff. The member of the central planning staff would call upon each of the many agencies which has an interest in the matter assigned, either as a consumer or as a contributor, to designate one person to represent his agency in a continuing and responsible capacity in the development and implementation of an operating plan covering the matter assigned. The agencies of interest would in almost all cases include many agencies not just those represented on the top committees themselves.

These groups would constitute the subcommittees to discharge the responsibilities for planning and for reviewing, as a continuous assignment, the adequacy and economy of all activities in the subject or kind of operation assigned. A member assigned from the central planning staff should serve as chairman of each subcommittee. The responsibility for its effectiveness and, for much of its hard work, would fall on him.

Current problems, including that of duplication, may not always be the most important matter for the subcommittees to concentrate on. The chairman of each subcommittee should not permit the handling of current problems to put aside the long range responsibility of that subcommittee to develop a complete plan of operation in its subject or kind of operation.

Throughout, the ultimate goal should be kept in mind of a series of specific operating plans, prescribing a coordinated program in which all activities essential to the intelligence and security requirements are provided for, and in which the operations and facilities of all agencies are used to the maximum to serve the needs of other agencies.

Joint Secretariat. The two committees should be served by a common secretariat which would provide for orderly procedure through standard agenda and minute keeping systems. The secretariat should take the minutes in each subcommittee and maintain the files of the committees.

UNCLASSIFIED

25

INT 18/

UNCLASSIFIED

Production of High Level Intelligence

The need to provide for some facilities to serve groups at a level above the departments themselves is one which should be anticipated but action is not now recommended.

With the principal intelligence activities of the Government being carried on in the departments in accordance with a planned and coordinated program, such intelligence as may be needed at the top of the Government can be produced through or secured from the intelligence operations in the department. The State Department would provide the principal facilities for bringing to bear on any high level problem the total intelligence available anywhere in the Government.

Should it later be found, however, that independent facilities are desirable to serve the President in the occasional instance in which he may wish direct and immediate access to the intelligence involving a matter of high decision, these facilities, which should be organized in his own office, can be small and need not engage in large scale initial research and analysis on original raw materials.

Conduct of Central Operations

The strengthening of intelligence activities in the departments and agencies and their coordination by a central planning staff are the principal means of providing a total operating serving the total national needs. Central facilities should not be created, therefore, to engage in operations which can be performed at the departmental level.

The planning conducted by the two coordinate committees may result in a decision that some types of operation may be found to be practicable only if operated centrally or under strong day to day central direction. It is recommended that any such service as is determined to require centralization, be conducted as an interdepartmental service under the appropriate coordinating committee.

UNCLASSIFIED